



Hansel Foundation

Group Annual Report & Accounts

**For The Year Ended
31 March 2020**

Scottish Charity No: SC001514

Company Limited by Guarantee No: SC038440

Hansel Foundation

Contents and Introduction of the Consolidated Accounts

For the year ended 31 March 2020

Directors' Report (including Strategic Report)	pages 2 to 15
Report of the Independent Auditor	pages 16 to 18
Consolidated Income and Expenditure Account	page 19
Company Income and Expenditure Account	page 20
Consolidated Statement of Financial Activities	page 21
Company Statement of Financial Activities	page 22
Group Balance Sheet	page 23
Company Balance Sheet	page 24
Consolidated Statement of Cash Flows	page 25
Company Statement of Cash Flows	page 26
Notes forming part of the Accounts	pages 27 to 45
Appendix - Charitable Trusts & Other Donations	page 46

Our Purpose

The group carries out functions relevant to the provision of support to people with disabilities.

Our Mission

To assist people with disabilities to realise their potential in all spheres of their lives.

Hansel Foundation

Directors' Report for the year ended 31 March 2020

The Directors have pleasure in presenting the annual report together with the audited group accounts for the year ended 31 March 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS 102).

Our Purposes and Significant Activities

The principal object and activity of the group of Hansel charities is to assist with the development and promotion of opportunities, resources and services in support of people with disabilities.

In pursuance of the above Hansel Foundation continued its comprehensive fundraising programme and engagement with local communities to support the work of Hansel Alliance in particular and, generally, to support the enhancement of the prospects of opportunities for people with disabilities.

Hansel Alliance assists people with disabilities to realise their potential in all spheres of their lives through the practical provision of a wide and diverse range of community, residential and vocational resources and services.

Group Strategic Report

Achievements and performance

During the year under review Directors were pleased to launch an updated 5 year Strategic Plan for the Hansel Group, intended to run through to 2024. This Plan seeks to harness the knowledge and relationships built up over recent challenging years, to enable Hansel to proactively exploit future opportunities and to become even more flexible and responsive to the changing needs of the people that we work for.

The Plan is ambitious in targeting new service development and growth, reviewing support provided to ensure it remains fit for purpose and reaches a greater number of people. Focus on such objectives will not alter the core purpose of the Hansel Group which remains securely rooted in our Vision to continue to seek and promote creative ways of supporting and empowering people, helping them to remove barriers they may face.

The core principles set out in the previous strategic plan roll forward and remain central to the successor Plan, these being; promoting customer engagement, valuing and developing our people, developing community resources and networks, resourcing infrastructure and promoting sustainability. Each operating entity within the Hansel Group will take forward individual Development Plans, each addressing relevant aspects of the overarching Strategic Plan for the Group, and identifying crucial actions in each area of operations.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

During the reporting period the subsidiary charity Hansel Alliance maintained its commitment to deliver and develop person-centred support choices as set out within its interim two year Management Plan entitled 'Fit for the Future: Reviewing and Optimising Operating Resources'. Within this Plan key short-term development objectives are identified for the period through to end of 2020, including: review of service structures, continuing commitment to sustaining the real living wage, investment in efficiency savings, employability activities development, and resourcing of effective team building.

For the parent charity, the following progress with key priorities was made during the year.

- In furtherance of key governance objectives agreed in the previous reporting period, good progress was made during the year in further strengthening aspects of the Board's strategic oversight as well as ensuring mechanisms for promoting good governance practice were being fully considered and updated. This included refreshing the Articles of Association for charities within the Hansel Group, modernising content and updating governance processes to align with current best practice. The refreshed documentation being produced, along with a trustee training session delivered towards the end of the year, were of particular benefit given the number of new Directors being recruited onto the Hansel Boards. This recruitment success during the year will strengthen skills and experience resourcing of a refreshed sub-committee structure being introduced for reporting period 2020/21.
- A continuing priority for Directors is the provision of support to the subsidiary charity Hansel Alliance. The senior management and corporate services functions within Hansel Foundation provide direct support for Hansel Alliance's development agenda, including redesign and restructure within care services to deliver operational efficiencies and improved customer outcomes. Management support provided to further progress the potential for growth in 3e's employment, enterprise and education activities will continue into the next reporting period as various aspects of 3e's own Development Plan are further explored.
- Financial challenges facing the organisation and the sector have continued to escalate in recent years. Prior year operating deficits attributable to underfunding of services were to an extent addressed via settlements agreed with commissioning authorities in early 2017, though subsequent further upward pressure on wage and pension costs, combined with funding levels not always rising in line with increasing costs (and in some cases being cut), will likely pose a continuing threat to sustainability of services. Critically, surplus generation and positive cash-flow over the next 3 year period will be necessary to contribute towards pension debt repayments linking to Hansel's withdrawal from the Strathclyde Pension Fund in March 2017.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

- The updated Strategic Plan for the Hansel Group underlines the importance of maintaining residential and respite accommodation of a high standard to meet the expectations of our customer group. With this in mind, three properties have been identified as not having long-term service in their current form, and prior to the end of the reporting period Directors agreed that options should be explored to address the future for two of the properties as a matter of some urgency. The planning processes for each of these potential projects involve consultation with stakeholders, and although this commenced prior to the end of the financial year it will be further resourced into the next reporting period.
- By the commencement of the year Directors had decided that Hansel's brand identity should be reviewed and refreshed given the time elapsed since this was last considered, and given that advances in technology over recent years takes communication with stakeholders into quite different realms. Most notably, Hansel's current website and social media presence requires redesign to align with current hardware platforms, and maximising opportunities to extend our reach through technology is critical to ensure the organisation remains competitive within recruitment markets and continues to attract invaluable support from local communities, vital to ensure we maintain high standards within the services we deliver. Prior to the end of the year Directors were pleased to endorse design proposals received from BOLD Studio, themselves a social enterprise specialising in support to the voluntary sector. It will be into the next financial year that a new website will be launched alongside new brand visuals for the organisation.
- Planning to create 'Hansel Hubs' to better resource local service provision and promote community engagement within our primary operating areas of North Ayrshire and South Ayrshire also progressed during the reporting period. However, as was the case with a number of the initiatives already noted above, steps being taken to identify and secure suitable property were brought to a standstill prior to the year-end with the emergence of the coronavirus COVID-19 health crisis, and associated impact on business operations generally, including Hansel service delivery specifically.

Returning to the subsidiary charity Hansel Alliance, achieving financial sustainability in the delivery of domiciliary care and outreach services has continued to be challenging due to funding rates implemented through local public sector commissioning processes arguably falling short of full cost recovery and including provision for modest surplus generation. It is widely acknowledged within care sector procurement that every service provider must target a surplus position on operations as a prerequisite for financial viability over the longer term, however, enduring government austerity policy understandably continues to exert pressure on local health and social care partnership budgets.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Financial results for 2019/20 have again absorbed a significant level of deficit for Hansel Alliance's Connect service, which provides outreach support for some 100 plus customers and their families, and is primarily funded by South Ayrshire Health and Social Care Partnership. The contractual mechanism for Connect support links to the commissioning framework for providing community-based supporting living services, and as such, funding rates do not cover the additional time and cost involved in managing and supporting delivery of a more diverse and dynamic range of individual personal outcomes.

Towards the latter part of the reporting period additional customer group support activity transferred into the Connect service from South Ayrshire Council's Kyle Day Centre, this impacting positively on the service financial position due to more favourable group funding rates that apply. Whilst being a step in the right direction, hourly funding rates for Connect one to one support will continue to challenge the financial sustainability of the service, and further discussions with the health and social care partnership will be necessary to resolve this unsustainable situation.

During the year continued pressure on social care budgets also led to visible tightening of respite budgets. Provision of weekly respite breaks offered through Hansel's Cabin service at Broadmeadows, and caravans located at Craig Tara Holiday park in Ayr, struggled to reach the high occupancy levels attained in previous financial years that are necessary to deliver targeted financial performance; funding rates agreed with South Ayrshire Health and Social Care Partnership have historically been based on achievement of 95% occupancy. Going forward it will be imperative to have social work commissioning strategies for respite provision balanced with sustainable financial models of support, particularly as this remains a critical service being accessed by many family carers who depend on breaks being provided through the year.

Compliance with Scottish Government's laudable commitment to the Real Living Wage as a minimum rate of pay for everyone working in care continues to be a significant and ongoing challenge for our sector. Since the inception of this policy in 2016, insufficient funding has been made available to maintain a wage structure incorporating differentials for additional role responsibilities, thereby disincentivising career progression.

Through Hansel Alliance's current Management Plan, and successor planning document being readied towards the end of the financial year, a range of actions have been set in motion to ensure appropriate resources are in place to address current challenges, and prepare for anticipated future opportunities. This is complimented by a Development Plan already in place for Hansel 3e operations; identifying key growth opportunities for social enterprise activities as well as future employability initiatives.

Work is therefore ongoing to secure the longevity of the range of services offered by Hansel Alliance, including continuation of the service types described within the following paragraphs.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Residential services - Demand for residential places continued to be encouraging through 2019/20. Some delay in filling a vacancy within our Shawburn residential service in Prestwick reflects the fact that, with the future longevity of the accommodation being currently under review, there is reduced scope to identify a suitable resident who would be content to make a move that may not be long-term. In total 42 residential places are available at Hansel's Broadmeadows estate, with a further 9 residents living within the Shawburn small group home located in Prestwick. Specialist accommodation is available for residents with complex health needs, or living with dementia, whilst other small group accommodation is better suited for residents living more independently.

Respite and short break supports provide positive respite experiences built around customer choice. Accommodation-based respite breaks at Broadmeadows (The Cabin), two caravans at Craig Tara Holiday Park, and council-owned Taigh Mor accommodation in Beith fell below full capacity during the year. In total 20 weekly respite places are available through these accommodation-based services, with support for short breaks available to customers seeking alternative respite experiences. Once again, difficulties in maintaining 100% uptake of available respite weeks were brought about by financial pressures felt both by public sector budgets and private self-funded customers.

Supported living and care at home services - reflecting Hansel Alliance's commitment to providing community-based support services, Hansel Alliance supports, in North Ayrshire and in South Ayrshire approximately 94 people in their own tenancies with levels of support that reflect individual needs.

Connect lifestyle supports – Hansel Alliance provides supports in a wide variety of locations, providing day opportunities to around 118 people either in community settings, in their own homes, or within Broadmeadows estate. All support options have a community focus, with individual activities increasingly being a clear goal for people choosing this support option.

Employability activities encompassing the delivery of employability and social enterprise opportunities continued to operate in line with the Development Plan in place for Hansel 3e (employment, enterprise and education) activities. In addition to each of the in-house social enterprises (laundry, facilities & maintenance function, and Lindy's tearoom) all looking to develop future operating capacity and job opportunities, Young Start funding received through the National Lottery Community Fund meant support was provided to a group of young people with a disability, aged 16 to 25, enabling them to develop and learn new skills and gain qualifications within our horticultural activities, and progress towards employment, further work experience or modern apprenticeship opportunities.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Financial review

In terms of Hansel Foundation's financial performance for the year under review the level of deficit reported reflects ongoing focus on investment in management reporting systems and corporate services support designed to introduce cost efficiency savings in the longer term. Operating results are broadly in line with the previous financial year if the impact on income of two substantial legacies notified in 2018/19 were ignored.

As in the previous financial year, a significant proportion of income reported represents the charging of senior management and corporate services resourcing support to the subsidiary charity Hansel Alliance. The expenditure attributable to the generation of this income is reported within Direct Costs, as such dedicated resourcing is an essential element of the delivery of all charitable activities.

Reflecting matters noted above, the Statement of Financial Activities on page 22 shows that gross income for the charitable company decreased in the year by 16% to £1,481k, whilst total expenditure increased by 3.3% to £1,534k. The percentage increase in costs reflects upward inflationary pressure on expenditure, in particular increases in salaries equivalent to the percentage rise in Real Living Wage during the year. Total fund balances decreased over the year by £53,515 (2019 increase of £280,328).

The charity's fundraising programme includes a calendar of events, functions and sponsored activities that contribute to generated funds, thanks to the contributions from many volunteers and supporters (including corporate bodies) who assist our Fundraising Team in either organising or participating in such activities. While over the course of the financial year there may be 20 or more volunteers helping plan, prepare for, or provide support at events, there are significantly more supporters of the organisation regularly attending and financially contributing through our fundraising programme, or otherwise donating their time and expertise. Directors would again take this opportunity to note our gratitude to our many loyal and committed supporters who make an invaluable contribution to Hansel's continuing success.

The Consolidated Statement of Financial Activities on page 21 shows that gross income reduced by 0.7% to £11.3m, whilst total expenditure increased by 2.4% to £11.4m.

Included within the overall reported group deficit of £102,202 the subsidiary company Hansel Alliance reported a deficit of £48,687.

Expenditure on Hansel Foundation's charitable activities, as referred to within the Consolidated Statement of Financial Activities on page 21, is subject to annual budgetary review, and the income streams from donations and other fundraising efforts are allocated across charitable activities in line with the strategic aims and objectives approved by the Board. The nature of these charitable activities is reported within note 10 to the Accounts, on page 32.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Investment Policy and Performance

The present investment policy is to maximise interest earned on short to medium term deposits offered by the charity's bankers. The Directors do not consider that current or projected levels of unrestricted cash reserves require a longer-term investment strategy.

Investment income from bank funds of £5,003 was received in the year (2019: £2,381). Given the current economic climate the Directors are satisfied with the investment return in the year under review.

Reserves Policy and Going Concern

At the conclusion of the financial year it was evident that coronavirus COVID-19 was becoming a global pandemic and unprecedented health crisis in modern times, with significant implications arising for local, national and international businesses and economies. The impact of lockdown measures introduced by UK and Scottish Governments necessitated the immediate cessation of certain operations and customer support within the subsidiary charity Hansel Alliance.

Directors recognise that COVID-19 introduces risk around future operating demand and service capacity, however, given the critical need for social care support through any pandemic crisis, and the necessity for funding solutions to be found to maintain vital services, Directors believe Hansel to possess unique resources within Ayrshire that will help identify alternative care and support solutions where required. This ability to offer creative approaches to provision of essential support is evidenced through adaptation of Hansel Alliance operations from an early date in the new financial year following on from this reporting period.

Through this first phase of the pandemic - and it is presently unclear as to whether subsequent surges in infections will occur - Government financial support was put in place to ensure viability of care services, including provision of staffing cover should that be necessary if absence levels were to rise to unsustainable levels. This financial support has been incorporated into updated budget forecasting for 2020/21, for the Hansel Group as a whole, including reassessment of realistic short-term operating levels for Hansel Alliance services. Through these updated budget assessments it is anticipated that a break-even position can still be targeted for 2020/21 for the group, which would in turn generate a modest cash flow surplus for the year.

As the primary mechanism for addressing many of the potential threats facing the organisation, the strategic management plan for Hansel Foundation identifies areas of service development for the organisation, together with envisaged contributions from supporting fundraising initiatives.

Capital costs are also identified within the strategic management plan, and from these sources overall funding commitments are estimated. Based on the outcome of this exercise, mindful of additional risk introduced by the COVID-19 pandemic, the Directors have forecast that the level of free reserves (that is those funds not tied up in fixed assets, designated reserves and restricted reserves) the Hansel Group will require would be £1.85m (circa. £1.35m for working capital purposes, and the balance for identified capital projects and various expenditure or funding shortfall provisions arising out of both Hansel Foundation and Hansel Alliance activities). Actual free reserves of the group were £1.30m as at 31 March 2020.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Through a review of reserve levels for Hansel Alliance, also mindful of potential COVID-19 impact, the Directors have determined that it would be appropriate to maintain unrestricted funds at a level that equates to one month's operational costs, which approximates to £798k at 31 March 2020. As at that date Hansel Alliance reported a free reserves figure of £146k. The Directors have determined that the current level of free reserves held by Hansel Foundation should firstly be applied to fulfilling any potential commitment to cross guarantee arrangements with Hansel Alliance.

In order to make good the shortfall of circa. £546k in the level of group unrestricted free reserves required to meet development aims and objectives, the Directors have approved a cautious approach to the timing of future developmental projects, to ensure the cash demands on the organisation can in part be met through achievement of realistic fundraising targets over the next few years. Most critically, maintaining satisfactory levels of reserves and liquid cash resources will be achieved by securing sustainable funding levels year on year for future service provision. Such sustainable funding terms are considered to be in place for financial year 2020/21, and therefore, given budgeting and cash flow projections have been updated satisfactorily to reflect potential COVID-19 impact on services and resources, the Directors are of the view that the Hansel Group is a going concern.

Pensions

The financial statements as presented include full adoption of accounting standard FRS 102. The Hansel group of charities operated two schemes during the year:

1. a defined contribution scheme operated by Scottish Widows available to senior members of staff and former members of the Strathclyde Pension Fund, and,
2. a defined contribution 'auto-enrolment' scheme for all other eligible employees.

The charity remains committed to its pension obligations to employees, and pensions in general, as a key part of its remuneration package.

Plans for future periods and principal risks and uncertainties

As noted above, Hansel Foundation's 'Personalisation: Resourcing Change, Delivering Choice' document overviewing the organisation's broad strategic direction was reviewed and updated by the Board during the year, and will now have relevance for the period 2019 through to 2024. The subsidiary charity Hansel Alliance's short-term management plan that sets out a range of immediate resourcing priorities and initiatives to optimise effectiveness and efficiency in delivery of care and support services is also superseded by development plans that take direction from the overarching Group Strategic Plan.

The now updated Strategic Plan for the Hansel Group will be augmented by three development plans in total, for each of Hansel Foundation, and Hansel Alliance's two primary areas of operation; care and employability. All development plans were completed or at an advanced stage at the end of the reporting period, and will be finalised into 2020/21. Each will identify core objectives for the next three years within the three defined areas of Hansel's work.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

In relation to group-wide activities going forward, a key area of resourcing review will continue to focus on maintaining a fair wage structure across all job roles and functions. Whilst commitment to the Real Living Wage has brought a most welcome boost to rates of pay for front line care team members, longstanding pressures on funding levels, dating back to 2010, have incrementally called into question the validity of the pay structure applied across all management and corporate support posts within the organisation. Although partially addressed by pay awards processed during financial year 2018/19, this remains a sector wide challenge that will require further review of funding assumptions by service commissioners in order to secure and maintain equitable pay practices in the longer-term. Following the financial cost associated with governments tackling the COVID-19 crisis, further or at least continuing pressure on public finances is to be anticipated.

Hansel Foundation will continue to develop the role of public relations in respect of wider Group activities. This becomes an even more important time to publicly reinforce Hansel's commitment to closely involving people with support needs in the process of shaping the organisation's future development.

Statement of Directors' Responsibilities

The Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report incorporating the Group Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period.

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Reference and Administrative Details, Trustees and Advisers

Hansel Foundation is a registered charity (No. SC001514) and a company (No. 38440) limited by membership guarantee.

Registered Office: Murdoch House, Broadmeadows
SYMINGTON, Ayrshire, KA1 5PU
Tel. No. : 01563 830340
Fax. No. : 01563 830019
Email : info@hansel.org.uk

Principal Professional Advisers

Bankers - The Royal Bank of Scotland
30 Sandgate
AYR, Ayrshire, KA7 1BY

Auditors - Hardie Caldwell LLP
Chartered Accountants
Citypoint 2, 25 Tyndrum Street
GLASGOW, G4 0JY

Board of Directors

The Directors of the company, who are also charity trustees for the purposes of charity law, are:

Thomas P. McClements	(Chairman to 11 December 2019)
Alastair H. Dewar	(Chairman from 11 December 2019)
John M. Calder	(resigned 29 January 2020)
David G. Chalmers	(appointed 11 December 2019)
Adam Currie	
Ruth Dorman,	
Robert Dow	
Lorna K.M. Gibson	
Gerald D. Lindsay	(Managing Director)
Derrick MacAllister	(resigned 26 June 2019)
James W. McIntyre	(appointed 11 December 2019)
Christopher McMail	(appointed 11 December 2019)
Blanche Nicolson MBE	
Dr. Robert M. Reekie	(appointed 29 January 2020)
Rev. Alexander C. Wark	

In accordance with the Articles of Association the terms of office for two Directors (Tom McClements and Blanche Nicolson) come to an end on December 2020. Each Director is however eligible to serve for a further term.

Key Management Personnel

Senior management of Hansel Foundation:

Gerry Lindsay	(Managing Director)
Roddy Wright	(Operations Director)
Ali Mundell	(Corporate Services Director)

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Structure, Governance and Management

Governing document

Hansel Foundation (formerly Hansel Village) was founded in 1963, and on 29 April 1998 the company revised its Memorandum and Articles of Association, by which the company is governed, following the formation of its subsidiary company, Hansel Alliance, which assumed the role of care service provider.

Group structure

The Hansel group of charities comprises:

Hansel Foundation and its wholly owned subsidiary Hansel Alliance.

Hansel Foundation is a company limited by guarantee (no. 38440) and a registered Scottish Charity (no. SC001514). Hansel Alliance is a company limited by guarantee (no. 184374) and a registered Scottish Charity (no. SC027681).

Director appointment, induction and training

The Board of Directors is responsible for the overall governance of the Hansel group of charitable companies.

Directors are recruited to the Board where a skills gap has been identified, or where it is considered that Board numbers require to be augmented to broaden or strengthen the portfolio of business and care service-related experience of participating Members. New appointments are sought in a variety of ways involving exploration of the field of potential candidates, including advertising in local press and other media, and recommendation from existing Directors or other supporters of the organisation. In accordance with the Memorandum and Articles of Association, Directors serve terms of three years, and under normal circumstances for no more than three terms.

New Directors are invited to attend a series of short information sessions to familiarise themselves with the charity and the context within which it operates. These sessions are hosted by the Managing Director and other members of the Senior Leadership Team, and cover:

- the obligations of Directors;
- the main documents which set out the operational framework for the charity including the Memorandum and Articles;
- resourcing and current financial position as set out in the latest published accounts; and
- future plans and objectives.

Presentations to Hansel Foundation's Board of Directors by the Senior Leadership Team, of Hansel Foundation and Hansel Alliance, and other management staff keep Directors abreast of current operational issues within the organisation, as well as informing the Board of governance and other legal issues that are relevant to the ongoing management of the organisation.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

Organisation

The number of non-executive Directors permitted by the Articles of Association is a minimum of three, but not exceeding fifteen. The Board of Directors meet on four occasions during the year to review and agree major areas of policy, and monitor financial performance. The Board delegates to the Managing Director responsibility for day to day management of the charity's affairs and for implementing policies agreed by the Board of Directors. The Managing Director is assisted by a group of executive and senior managers.

Related Parties

The Board of Directors is comprised of non-executive and executive Directors. None of the non-executive Directors receives any remuneration or expenses in cash or in kind for their work as Directors of the organisation.

The sole executive Director is the Managing Director who did not receive remuneration or expenses in cash or in kind in respect of his position as a Board Director. The remuneration received by the Managing Director relates to his management role within the organisation and is as shown at note 15 of the Notes to the Accounts.

As noted above the charity is the parent entity of Hansel Alliance.

Key management remuneration

The Directors consider the Board of Directors, who are the charity Trustees, and the senior management team, as named above, comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

Non-executive Directors give their time freely and receive no remuneration.

The remuneration policy applicable for all employees, including key management, aligns the skills, experience and qualification of each position with a salary framework approved by the Board of Directors. Periodically, and for any review to senior management pay, the salary framework is benchmarked with external market remuneration levels in the locality of the employment base.

Employee Engagement

In pursuance of Hansel's strategic commitment to be a provider and employer of choice in social care and employability support, communication and engagement with team members continues to be a key priority for The Board of Directors.

On an informal basis, Directors continued to welcome their participation in 'meet and greet' sessions with people both employed and supported by the organisation. This is considered an invaluable opportunity to engage in open conversation with key stakeholders, and identify issues of importance that may not otherwise be communicated through more routine reporting mechanisms.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

During the year under review, and following an extended period of consultation, the staff consultation group bringing representation from all services and departments was renewed and renamed Hansel Team Matters. In its new form, Hansel Team Matters will provide improved focus for engagement, consultation, discussion and feedback on all relevant issues relating to employment with Hansel.

Although the present bridge between representative group Hansel Team Matters and the Board of Directors is provided by the Senior Leadership Team, the intention going forward is to facilitate direct contact with Director members of Hansel's People, Policy and Remuneration Committee, thereby adopting a more structured approach to the Board's ongoing engagement with team members.

Through investment in new HR systems, including introduction of an online learning and development platform, Directors are confident that communication with team members will be greatly enhanced. This, along with improvement in the quality of automated reporting on all matters relating to employment, will better inform decisions being taken that directly impacts on the working experience with Hansel.

People with Disabilities

Hansel Foundation being a "Disability Confident" employer has given its commitment to:

- actively looking to attract and recruit disabled people;
- offering an interview to all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on merit;
- providing a fully inclusive and accessible recruitment process;
- flexibility when assessing people so disabled applicants have the best opportunity to demonstrate they can do the job;
- proactively offering and making reasonable adjustments as required;
- making every effort when an employee become disabled to make sure they stay in meaningful employment; and
- annually reviewing these commitments and what has been achieved and preparing plans for future developments.

Risk management

The Directors have a risk management strategy which comprises:

- regular monitoring of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified through regular monitoring; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

Hansel Foundation

Directors' Report for the year ended 31 March 2020 (cont'd)

This work had identified that financial sustainability continues to represent the most significant risk for the charitable group given the continuing pressures on public sector management of social care budgets, unknown or uncertain future commissioning approaches or strategies being planned by local health and social care partnerships, and now further uncertainties introduced through potential for COVID-19 disruption to care services.

Continuing upward pressure on employment costs due to Scottish Government's commitment to the Real Living Wage as a minimum rate of pay within social care will also present an ongoing challenge for third sector care providers; to maintain fair and equitable pay and conditions for staff where funding rates are predicated on less favourable, flatter pay structures.

A key element in the medium term management of financial risk will continue to be regular review and monitoring of available liquid funds to settle debts as they fall due, and active management of trade debtors and creditors balances to ensure sufficient working capital is available. The critical nature of cash-flow monitoring and management for the Hansel Group is exacerbated by the introduction of the defined benefit pension debt repayment arrangement agreed in March 2017, which will entail annual instalments of £250,000 on behalf of the group through to financial year 2022/23.

Attention has also been focussed on non-financial risks arising from fire, health and safety of staff, customers and volunteers. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place and regular awareness training for staff.

Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

Hardie Caldwell LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

The Directors' Report incorporating the Strategic Report was approved by the Board of Directors in their capacity as company directors and trustees and signed on their behalf by:-



Gerald D. Lindsay
Director and Company Secretary

Dated: 5 August 2020

Opinion

We have audited the financial statements of Hansel Foundation Group and Charitable Company for the year ended 31 March 2020 which comprise the Consolidated and Parent Company Income and Expenditure Account, the Consolidated and Parent Company Statement of Financial Activities, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Cash Flows and the notes to the Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2020 and of the group's and the charitable company's incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group and the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Report of the Independent Auditors to the Directors and Members of Hansel Foundation (Registered number: SCo38440)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report (including Group Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report (including Group Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report (including Group Strategic Report).

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns;
or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 9 and 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Directors and Members of Hansel Foundation (Registered number: SC038440)

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's directors (who are also the trustees of the charitable company for the purposes of charity law), as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and directors as a body, for our audit work, for this report, or for the opinions we have formed.



Marion Hopper (Senior Statutory Auditor)
for and on behalf of Hardie Caldwell LLP
Statutory Auditors
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

Date: 5 August 2020

Hansel Foundation Group Consolidated Income and Expenditure Account For the year ended 31 March 2020

	Notes	Restricted Funds £	Unrestricted Funds £	Total 2020 £	Total 2019 £
INCOME					
Donations and legacies	3	-	121,754	121,754	427,118
Residential service funding	4	-	4,228,681	4,228,681	4,064,333
Domiciliary care & outreach service funding	4	-	6,249,157	6,249,157	6,195,462
Employability activities income	4	-	355,588	355,588	363,279
Property income	4	-	70,443	70,443	74,791
Other trading activities	5	-	253,089	253,089	275,010
Investment income	6	-	5,003	5,003	2,381
Corporate services income		-	18,000	18,000	15,000
Covid-19 Government Funding	7	-	37,971	37,971	-
Total income		<u>-</u>	<u>11,339,686</u>	<u>11,339,686</u>	<u>11,417,374</u>
EXPENDITURE					
Raising funds	9	-	283,042	283,042	293,827
Charitable activities:					
• Direct costs		4,319	9,950,401	9,954,720	9,847,135
• Support costs		-	1,144,090	1,144,090	970,628
• Governance costs		-	58,757	58,757	55,016
• Bank Interest payable	8	-	1,279	1,279	1,747
Total expenditure		<u>4,319</u>	<u>11,437,569</u>	<u>11,441,888</u>	<u>11,168,353</u>
Net (expenditure)/income for year		<u>(4,319)</u>	<u>(97,883)</u>	<u>(102,202)</u>	<u>249,021</u>

Movements in the funds of the charitable group are as shown in the Consolidated Statement of Financial Activities on page 21.

None of the group's activities were acquired or discontinued during the above two financial years.

The notes form part of these Accounts.

Hansel Foundation Parent Company Income and Expenditure Account For the year ended 31 March 2020

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2020 £	Total Funds 2019 £
INCOME					
Donations and legacies	3	-	121,754	121,754	437,118
Property income	4	-	113,943	113,943	122,291
Corporate services income	4	-	844,910	844,910	837,017
Service development funding	4	-	262,186	262,186	214,107
Fund-raising events income	5	-	87,814	87,814	97,729
Other trading activity	5	-	7,756	7,756	18,306
Investment income	6	-	41,103	41,103	38,481
Covid-19 Government Funding	7	-	1,138	1,138	-
Total income		<u>-</u>	<u>1,480,604</u>	<u>1,480,604</u>	<u>1,765,049</u>
EXPENDITURE					
Raising funds	9	-	222,669	222,669	233,039
Charitable activities:					
• Direct costs		-	1,178,682	1,178,682	1,131,848
• Support costs		-	101,382	101,382	90,199
• Governance costs		-	31,066	31,066	29,198
• Bank Interest payable	8	-	320	320	437
Total expenditure		<u>-</u>	<u>1,534,119</u>	<u>1,534,119</u>	<u>1,484,721</u>
Net (expenditure)/income for year		<u>-</u>	<u>(53,515)</u>	<u>(53,515)</u>	<u>280,328</u>

Movements in the funds of the charitable company are as shown on the Statement of Financial Activities on page 22.

All activities are classed as continuing.

The notes form part of these Accounts.

Hansel Foundation Group Consolidated Statement of Financial Activities For the year ended 31 March 2020

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Income and endowments from					
Donations and legacies	3	-	121,754	121,754	427,118
Charitable activities:	4				
Residential service funding		-	4,228,681	4,228,681	4,064,333
Domiciliary care & outreach service funding		-	6,249,157	6,249,157	6,195,462
Employability activities income		-	355,588	355,588	363,279
Property income		-	70,443	70,443	74,791
Corporate services income		-	18,000	18,000	15,000
Other trading activities	5	-	253,089	253,089	275,010
Investment income	6	-	5,003	5,003	2,381
Covid-19 Government Funding	7	-	37,971	37,971	-
Total income		-	11,339,686	11,339,686	11,417,374
Expenditure on					
Raising funds	9	-	283,042	283,042	293,827
Charitable activities:	10				
Residential service costs		4,319	3,955,180	3,959,499	3,826,128
Domiciliary care and outreach service costs		-	6,302,645	6,302,645	6,141,043
Employability activities costs		-	543,050	543,050	552,681
Property running costs		-	353,652	353,652	354,674
Total expenditure		4,319	11,437,569	11,441,888	11,168,353
Net (expenditure)/income		(4,319)	(97,883)	(102,202)	249,021
Reconciliation of funds					
Funds brought forward		19,789	4,517,131	4,536,920	4,287,899
Funds carried forward		15,470	4,419,248	4,434,718	4,536,920

The Consolidated Statement of Financial Activities amplifies the Consolidated Income and Expenditure Account and provides the information regarding all movements in the funds of the charitable group.

The notes form part of these Accounts.

**Hansel Foundation Parent Company Statement of Financial Activities
For the year ended 31 March 2020**

	Notes	Restricted Funds £	Unrestricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Income and endowments from					
Donations and legacies	3	-	121,754	121,754	437,118
Charitable activities:					
Property income	4	-	113,943	113,943	122,291
Corporate services income	4	-	844,910	844,910	837,017
Service development funding	4	-	262,186	262,186	214,107
Other trading activities	5	-	95,570	95,570	116,035
Investment income	6	-	41,103	41,103	38,481
Covid-19 Government Funding	7	-	1,138	1,138	-
Total income		-	1,480,604	1,480,604	1,765,049
Expenditure on					
Raising funds	9	-	222,669	222,669	233,039
Charitable activities:					
Property running costs	11	-	353,652	353,652	354,673
Group services support	11	-	957,798	957,798	897,009
Total expenditure		-	1,534,119	1,534,119	1,484,721
Net (expenditure)/income		-	(53,515)	(53,515)	280,328
Reconciliation of funds					
Funds brought forward		-	4,182,761	4,182,761	3,902,433
Total funds carried forward		-	4,129,246	4,129,246	4,182,761

The notes form part of these Accounts.

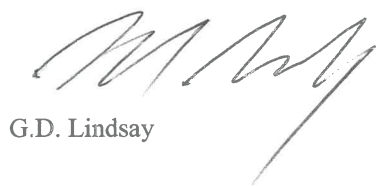
**Hansel Foundation Group Consolidated Balance Sheet
As at 31 March 2020**

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	20	<u>3,132,481</u>	<u>3,294,673</u>
Current assets			
Stock	21	14,904	11,356
Debtors	22	1,239,502	1,577,509
Cash at bank and in hand		<u>1,796,090</u>	<u>1,493,763</u>
		<u>3,050,496</u>	<u>3,082,628</u>
Creditors: Amounts falling due within one year	23	<u>(1,182,686)</u>	<u>(970,860)</u>
Net current assets		<u>1,867,810</u>	<u>2,111,768</u>
Total assets less current liabilities		5,000,291	5,406,441
Creditors: Amounts falling due after more than one year	24	<u>(565,573)</u>	<u>(869,521)</u>
Net assets		<u>4,434,718</u>	<u>4,536,920</u>
Funds			
Unrestricted			
General funds	28a	1,302,237	1,242,247
Designated Funds	28a	<u>3,117,011</u>	<u>3,274,884</u>
		4,419,248	4,517,131
Restricted funds	28b	<u>15,470</u>	<u>19,789</u>
		<u>4,434,718</u>	<u>4,536,920</u>

The Accounts on pages 19 to 45 were approved by the Board of Directors on 5 August 2020 and signed on their behalf by:


A.H. Dewar

Director


G.D. Lindsay

Director

The notes form part of these Accounts.

**Hansel Foundation Parent Company Balance Sheet
As at 31 March 2020**

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	20	<u>2,973,581</u>	<u>3,109,730</u>
Current assets			
Debtors	22	359,894	464,251
Cast at bank and in hand		<u>1,276,274</u>	<u>1,113,923</u>
		1,636,168	1,578,174
Creditors: Amounts falling due within one year	23	<u>(260,503)</u>	<u>(165,143)</u>
Net current assets		1,375,665	1,413,031
Total assets less current liabilities		<u>4,349,246</u>	<u>4,522,761</u>
Creditors: Amounts falling due after more than one year	24	<u>(220,000)</u>	<u>(340,000)</u>
Net assets		<u>4,129,246</u>	<u>4,182,761</u>
Funds			
Unrestricted			
General funds	28a	1,155,665	1,073,031
Designated Funds	28a	<u>2,973,581</u>	<u>3,109,730</u>
		4,129,246	4,182,761
Restricted funds	28b	<u>-</u>	<u>-</u>
		<u>4,129,246</u>	<u>4,182,761</u>

The Accounts on pages 19 to 45 were approved by the Board of Directors on 5 August 2020 and signed on their behalf by:


 A.H. Dewar Director


 G.D. Lindsay Director

The Notes on form part of these Accounts.

**Hansel Foundation Group Consolidated Statement of Cash Flows
For the Year Ended 31 March 2020**

	Notes	2020 £	2019 £
Cash from operating activities	29	<u>393,378</u>	<u>385,447</u>
Cash flows from investing activities			
Interest received		5,003	2,381
Interest paid		(5,611)	(7,628)
Payments to acquire tangible fixed assets		(38,044)	(44,931)
Proceeds on disposal of fixed assets		<u>-</u>	<u>989</u>
Cash (used in) investing activities		<u>(38,652)</u>	<u>(49,189)</u>
Cash flows from financing activities			
Repayment of pension scheme settlement		-	(250,000)
Hire purchase repayments		(32,399)	(31,112)
Repayment of bank borrowings		<u>(20,000)</u>	<u>(20,000)</u>
Cash used in financing activities		<u>(52,399)</u>	<u>(301,112)</u>
Net increase in cash and cash equivalent		302,327	35,146
Cash and cash equivalents at the beginning of the year		1,493,763	1,458,617
Cash and cash equivalents at the end of the year		<u>1,796,090</u>	<u>1,493,763</u>
Cash and bank balances		<u>1,796,090</u>	<u>1,493,763</u>

**Hansel Foundation Parent Company Statement of Cash Flows
For the Year Ended 31 March 2020**

	Notes	2020 £	2019 £
Cash from operating activities	29	<u>163,092</u>	<u>94,085</u>
Cash flows from investing activities			
Interest received		41,103	38,481
Interest paid		(320)	(437)
Purchase of tangible fixed assets		<u>(21,524)</u>	<u>(13,648)</u>
Cash from investing activities		<u>19,259</u>	<u>24,396</u>
Cash flows for financing activities			
Repayment of pension scheme settlement		-	(100,000)
Repayments of bank borrowings		<u>(20,000)</u>	<u>(20,000)</u>
Cash used in financing activities		<u>(20,000)</u>	<u>(120,000)</u>
Net (decrease)/increase in cash and cash equivalents		162,351	(1,519)
Cash and cash equivalents at the beginning of the year		1,113,923	1,115,442
Cash and cash equivalents at the end of the year		<u>1,276,274</u>	<u>1,113,923</u>
Cash and bank balances		<u>1,276,274</u>	<u>1,113,923</u>

Hansel Foundation Group Notes to the Consolidated Accounts For the Year ended 31 March 2020

1. *Legal status of the group*

Both the charities comprising the group, see below, are companies limited by guarantee, incorporated and registered in Scotland, under company numbers SC038440 and SC184374 and have no share capital. The liability of each member in the event of winding up is limited to £1.

The registered charity numbers are SC001514 and SC027681.

The registered office is Murdoch House, Broadmeadows, Symington, Ayrshire, KA1 5PU.

2. *Accounting policies*

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are as follows:-

Basis of accounting

The accounts of the group and of the charitable company have been prepared in accordance with the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The income and expenditure account is an adaptation of the formats laid down in the Companies Act 2006 in order to recognise the special nature of the group and the charitable company's activities and in order to give information in a manner beneficial to the members, as provided for in the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Basis of consolidation

The accounts of Hansel Foundation and its wholly owned subsidiary charitable company, Hansel Alliance, are consolidated in the group accounts.

Going Concern

In light of Covid-19 the Directors have considered the application of the going concern principle. Detailed budgets are presented to and approved by the Board of Directors with regular monitoring through review of management accounts. We would refer you to our Reserves Policy and Going Concern section of the Directors' Report on pages 8 and 9. The Directors consider that adequate resources are available to fund the activities of the charitable group for the foreseeable future. On the basis of budgets and other financial procedures in place the Directors believe the going concern principle is appropriate to these financial statements. There are no known material uncertainties regarding the charity's ability to continue as a going concern.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income received in advance of service provision is deferred until the income recognition criteria are met.

Gifted assets

Any receipts of fixed assets by way of gift are capitalised and included in the balance sheet. The market value of the gifted asset is credited to the designated fund. This fund is debited over the useful life of the gifted assets by charging depreciation in accordance with the fixed asset accounting policy.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd) For the Year ended 31 March 2020

2. Accounting policies (cont'd)

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the costs of the laundry service, tearoom and shop, Hi Street gift shop and associated support costs and the costs of arranging fund raising events and seeking voluntary contributions from companies, individuals, trusts and other organisations.
- Expenditure on charitable activities includes the costs of activities to further the objects of the charity and associated support costs.

Expenditure, including staff costs, is allocated to charitable activities as detailed in notes 10 and 11. Support costs are functions that assist in the work of the charity but do not directly undertake charitable activities to include office costs, finance, personnel and governance costs. Governance costs are costs associated with meeting constitutional and statutory requirements such as the cost of Board meetings, the audit of the statutory accounts and staff costs associated with the strategic as opposed to the day to day management of the charity's activities and support to non-executive directors.

Capitalisation and depreciation of tangible fixed assets

All assets costing more than £500 are capitalised.

The cost or carrying value of heritable property, less the assessed residual value, is written off over the property's estimated useful life. This estimated useful life is re-assessed annually, and depreciation adjusted if necessary. Depreciation on heritable property is therefore provided at rates from 2% to 50%, on a straight-line basis.

Depreciation on all other assets is provided at the following rates in order to write off each asset over its estimated useful life:-

Furniture and fittings	10%	reducing balance basis
Motor vehicles	25%	reducing balance basis
Plant and equipment	10% - 30%	reducing balance basis

Furniture and fittings acquired for use in the provision of furnished residential accommodation are not capitalised but charged to 'resources expended' when purchased. This is because the useful life of such items is difficult to predict, and is considered relatively short due to a high level of wear and tear.

Stock

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Financial instruments

The group and charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Trade and other debtors are recognised at the settlement amount due with appropriate allowances for any irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short term of maturity from opening of the deposit or similar account.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)

For the Year ended 31 March 2020

2. Accounting policies (cont'd)

Creditors

Creditors, other creditors and accruals are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors, other creditors and accruals are normally recognised at their settlement amount after allowing for any trade discounts due.

Hire Purchase and Lease Commitments

Assets obtained under Hire Purchase contracts are capitalised in the Balance Sheet and depreciated over their estimated useful lives. The interest element of these obligations is charged to the Income and Expenditure Account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to income as they are incurred.

Employee benefits

Defined benefit scheme

The charity closed its membership of the Local Government Pension Scheme (defined benefit) during financial year ended 31 March 2017. Details of the exit debt arising are disclosed within note 26.

Defined contribution pension schemes

Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the charity in independently administered funds.

Taxation

Hansel Foundation and Hansel Alliance are both registered charities and are accordingly exempt from taxation on income which is applied for charitable purposes.

Funds

Funds are classified as unrestricted or restricted as follows:

Unrestricted funds are expendable at the discretion of the Directors in furtherance of the objects of the charities. Where part of the unrestricted fund is earmarked at the discretion of the Directors for a particular purpose it is designated as a separate fund. This designation has an administrative purpose only and does not legally restrict the Directors' discretion to apply the fund.

Restricted funds are those subject to specific conditions as to the use that can be made of the funds imposed by the donor or by terms of the receipt. If expended on capital items these funds are reduced in line with the depreciation charge on the assets acquired with such funds (note 28b).

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

3. Donations and legacies

	2020		2019	
	Group £	Company £	Group £	Company £
Membership fees	8	8	9	9
Donations under £250	18,316	18,316	12,039	12,039
Trusts, donations and legacies over £250	103,430	103,430	415,070	425,070
	<u>121,754</u>	<u>121,754</u>	<u>427,118</u>	<u>437,118</u>

4. Charitable activities income

	2020		2019	
	Group £	Company £	Group £	Company £
Residential service funding	4,228,681	-	4,064,333	-
Domiciliary care and outreach service funding	6,249,157	-	6,195,462	-
Employability activities income	355,588	-	363,279	-
Property income	70,443	113,943	74,791	122,291
Corporate services income	18,000	844,910	15,000	837,017
Service development funding	-	262,186	-	214,107
	<u>-</u>	<u>262,186</u>	<u>-</u>	<u>214,107</u>

Income from charitable activities in respect of residential services and domiciliary care and outreach services is generated by service provision to individual customers and is either funded by local authorities or the individual customers. Employability activities income is grant income received through the work choice programme and other employability funding.

Income from charitable activities in respect of property is generated from the rental of tenanted properties.

Corporate services income represents charges made to the subsidiary charity during the year in respect of senior management and corporate services support provided.

Service development funding represents contributions from the subsidiary charity towards investment in development and sustainability of group activities.

5. Other trading activities

	2020		2019	
	Group £	Company £	Group £	Company £
Fundraising events	87,814	87,814	97,729	97,729
Tearoom, shop sales and laundry services	165,275	7,756	177,281	18,306
	<u>253,089</u>	<u>95,570</u>	<u>275,010</u>	<u>116,035</u>

6. Investment income

	2020		2019	
	Group £	Company £	Group £	Company £
Bank interest received	5,003	5,003	2,381	2,381
Interest received from subsidiary undertaking	-	36,100	-	36,100
	<u>5,003</u>	<u>41,103</u>	<u>2,381</u>	<u>38,481</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

7. Covid-19 Government Funding

	2020		2019	
	Group £	Company £	Group £	Company £
HMRC Job Retention Scheme	11,669	913	-	-
Other funding income	26,302	225	-	-
	<u>37,971</u>	<u>1,138</u>	<u>-</u>	<u>-</u>

Other funding income is received through Scottish Government Support for care service business interruption, additional costs for technology to enable staff to work from home and additional personal protective equipment (PPE) expenditure incurred.

8. Interest payable

	2020		2019	
	Group £	Company £	Group £	Company £
Hire purchase interest	4,332	-	5,881	-
Bank interest payable	1,279	320	1,747	437
	<u>5,611</u>	<u>320</u>	<u>7,628</u>	<u>437</u>

9. Analysis of expenditure on raising funds

	2020		2019	
	Group £	Company £	Group £	Company £
Other costs : consumables for tearoom, shop sales, etc	66,644	6,271	74,707	13,919
Cost re fundraising event direct costs - staff	86,985	86,985	85,581	85,581
- other	122,889	122,889	127,120	127,120
Cost re fundraising event support	6,524	6,524	6,419	6,419
	<u>283,042</u>	<u>222,669</u>	<u>293,827</u>	<u>233,039</u>

**Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020**

10. Analysis of expenditure on Group charitable activities

	<i>Direct Costs</i>		<i>Support costs and interest payable</i>		<i>Total</i>	<i>Total</i>
	<i>Staff costs</i>	<i>Other costs</i>	<i>Staff costs</i>	<i>Other costs</i>	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Direct charitable expenditure;						
Residential service costs	2,918,852	588,068	217,204	235,375	3,959,499	3,826,128
Domiciliary care and outreach service costs	5,491,727	164,841	400,468	245,609	6,302,645	6,141,043
Employability activities costs	502,737	(51,476)	61,088	30,701	543,050	552,681
Property running costs	-	339,970	-	13,682	353,652	354,674
	<u>8,913,316</u>	<u>1,041,403</u>	<u>678,760</u>	<u>525,367</u>	<u>11,158,846</u>	<u>10,874,526</u>
Totals 2019	<u>8,674,570</u>	<u>1,172,565</u>	<u>647,458</u>	<u>379,933</u>		<u>10,874,526</u>

£4,319 of depreciation costs in respect of residential service costs were met from restricted funds (2019: £5,552).

Nil of property running costs were met from restricted funds (2019: Nil).

The activities underlying the costs above, under each heading are:

Residential service costs – the provision of care services within registered residential and respite accommodation, located at the Broadmeadows site, Prestwick and in Beith.

Domiciliary care and outreach service costs – community based care services, supporting people to live independently in their own homes, and/or the provision of leisure and other social activities.

Employability activities costs – the delivery of various employability related services, including operation of the laundry, Lindy's tearoom and grounds maintenance small businesses based at the Broadmeadows site.

Property running costs – revenue expenditure linked to the development and maintenance of Hansel Foundation's property portfolio, for both tenanted accommodation and property made available to Hansel Alliance for its service delivery.

11. Analysis of expenditure on Parent company charitable activities

	<i>Direct costs</i>		<i>Governance & Support</i>		<i>Total</i>	<i>Total</i>
	<i>Staff costs</i>	<i>Other costs</i>	<i>Staff costs</i>	<i>Other costs</i>	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Direct charitable expenditure:						
Property running costs	-	339,970	-	13,682	353,652	354,673
Group services support	591,227	247,485	87,533	31,553	957,798	897,009
	<u>591,227</u>	<u>587,455</u>	<u>87,533</u>	<u>45,235</u>	<u>1,311,450</u>	<u>1,251,682</u>
Totals 2019	<u>571,491</u>	<u>560,357</u>	<u>75,967</u>	<u>43,867</u>		<u>1,251,682</u>

£Nil of group service support costs was met from restricted funds (2019: £10,000).

The activities underlying the costs above, under each heading are:

Property running costs – revenue expenditure linked to the development and maintenance of Hansel Foundation's property portfolio, for both tenanted accommodation and property made available to Hansel Alliance for its service delivery.

Group services support – these costs relate to the provision of senior management and corporate services support across all Hansel group activity, as well as Hansel Foundation's overarching role in the shaping and review of group service provision, including the delivery of public relations and research and development functions, together with the commitment to subsidising costs of under-funded services during transitional periods.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

12. Analysis of governance and support costs within Group direct charitable expenditure

	Staff costs £	Other Costs £	Governance Costs £	2020 Total £	2019 Total £
Charitable activity:					
Residential service costs	217,204	226,514	8,861	452,579	375,811
Domiciliary care and outreach costs	400,468	229,271	16,338	646,077	557,955
Employability activities costs	61,088	28,209	2,492	91,789	80,264
Property running costs	-	(17,384)	31,066	13,682	13,361
	<u>678,760</u>	<u>466,610</u>	<u>58,757</u>	<u>1,204,127</u>	<u>1,027,391</u>
Totals 2019	<u>647,458</u>	<u>324,917</u>	<u>55,016</u>		<u>1,027,391</u>

Governance costs above include staff costs of £12,191 (2019: £11,418).

13. Analysis of governance and support costs within Parent company direct charitable expenditure

	Support Costs £	Other Costs £	Governance Costs £	2020 Total £	2019 Total £
Charitable activity:					
Property running costs	-	13,682	-	13,682	13,361
Group service support	87,533	487	31,066	119,086	106,473
	<u>87,533</u>	<u>14,169</u>	<u>31,066</u>	<u>132,768</u>	<u>119,834</u>
2019	<u>75,967</u>	<u>14,669</u>	<u>29,198</u>		<u>119,834</u>

Governance costs include the internal costs of strategic planning, other support to non-executive directors and external audit.

14. Group net (expenditure)/income

Group net (expenditure)/income is stated after charging:	2020 £	2019 £
Auditors' remuneration (net of VAT)		
- audit	14,000	13,600
- other services	1,500	800
Operating lease rentals		
- other plant & equipment	20,353	23,563
Depreciation		
- owned assets	176,238	183,205
- assets on hire purchase contracts	23,998	31,994
Interest payable	5,611	7,628
Loss on disposal of other fixed assets	-	10,261

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

15. Analysis of staff costs, trustee remuneration and expenses, and cost of key management personnel

	2020		2019	
	Group £	Company £	Group £	Company £
Wages and salaries	8,632,456	607,059	8,432,214	578,553
Social security costs	670,928	74,819	646,656	70,951
Other pension costs	375,677	83,867	328,739	83,535
	<u>9,679,061</u>	<u>765,745</u>	<u>9,407,609</u>	<u>733,039</u>

The number of employees with employee benefits, excluding employer pension contributions, in excess of £60,000 was as follows:-

	2020		2019	
	Group No.	Company No.	Group No.	Company No.
£60,001 to £70,000	2	2	1	1
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	-	1	1
£90,001 to £100,000	1	1	-	-

In 2020 one Director also held a senior management post within the organisation. The remuneration for his employment, not in respect of his position as charity trustee, was as follows;

	2020		2019	
	Gross Salary £	Employer Pension £	Gross Salary £	Employer Pension £
Mr. Gerald D. Lindsay (Managing Director)	<u>90,628</u>	<u>13,338</u>	<u>86,713</u>	<u>12,762</u>

During the financial year a 3.2% increase in salaries was agreed by Hansel's Board of Directors for all management and corporate services personnel and implemented from 1 December 2018. Further variances in remuneration between reporting periods may arise due to Directors exercising their entitlement to buy or sell annual leave in accordance with the organisation's Annual Leave Policy, which is available to all employees. Variances may also be due to appointments or resignations within the financial year.

No payment was made to any Director in respect of reimbursement of expenses relative to their role as trustee in either 2020 or 2019. No other Director/trustee was in receipt of remuneration (2019: none).

The key management of the charitable group comprise the Managing Director named above, the Operations Director and the Corporate Services Director. The total employee benefits of the key management personnel, were £280,955 including pension costs and employer's National Insurance costs (2019: £261,675 paid by Hansel Alliance).

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

16. Staff numbers

The average weekly number of employees during the year was as follows:-

	2020		2019	
	Group No.	Company No.	Group No.	Company No.
Residential care staff	115	-	121	-
Domiciliary/outreach staff	212	-	220	-
Employability activities staff	34	-	35	-
Support service staff including fundraising	28	27	30	29
	<u>389</u>	<u>27</u>	<u>406</u>	<u>29</u>

17. Comparatives for the Consolidated Statement of Financial Activities

	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £
Income and endowments from			
Donations and legacies	-	427,118	427,118
Charitable activities:			
Residential service funding	-	4,064,333	4,064,333
Domiciliary care & outreach service	-	6,195,462	6,195,462
Funding	10,000	353,279	363,279
Employability activities income	-	74,791	74,791
Property income	-	15,000	15,000
Corporate services income	-	275,010	275,010
Other trading activities	-	2,381	2,381
Investment income	-	-	-
Gain on property disposals	-	-	-
Total income	<u>10,000</u>	<u>11,407,374</u>	<u>11,417,374</u>
Expenditure on			
Raising funds	-	293,827	293,827
Charitable activities:			
Residential service costs	5,552	3,820,576	3,826,128
Domiciliary care and outreach service costs	-	6,141,043	6,141,043
Employability activities costs	-	552,681	552,681
Property running costs	-	354,674	354,674
Total expenditure	<u>5,552</u>	<u>11,162,801</u>	<u>11,168,353</u>
Net income	4,448	244,573	249,021
Reconciliation of funds			
Funds brought forward	15,341	4,272,558	4,287,899
Total funds carried forward	<u>19,789</u>	<u>4,517,131</u>	<u>4,536,920</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

18. Comparatives for the Parent Company Statement of Financial Activities

	Restricted Funds £	Unrestricted Funds £	Total Funds 2019 £
Income and endowments from			
Donations and legacies	10,000	427,118	437,118
Charitable activities:			
Property income	-	122,291	122,291
Corporate services income	-	837,017	837,017
Other development funding	-	214,107	214,107
Other trading activities	-	116,035	116,035
Investment income	-	38,481	38,481
Gain on property disposals	-	-	-
Total income	-	1,755,049	1,765,049
Expenditure on			
Raising funds	-	233,039	233,039
Charitable activities:			
Property running costs	-	354,673	354,673
Group services support	10,000	887,009	897,009
Total expenditure	10,000	1,474,721	1,484,721
Net income	-	280,328	280,328
Reconciliation of funds			
Funds brought forward	-	3,902,433	3,902,433
Total funds carried forward	-	4,182,761	4,182,761

19. Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 2525 of the Taxation Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

20. Tangible fixed assets

Group	Heritable Property £	Furniture & Fittings £	Motor Vehicles £	Plant & Equipment £	Total £
Cost					
At 1 April 2019	7,099,417	115,399	214,394	372,777	7,801,987
Additions in year	10,996	-	-	27,048	38,044
Disposals in year	-	-	-	-	-
At 31 March 2020	7,110,413	115,399	214,394	399,825	7,840,031
Depreciation					
At 1 April 2019	4,022,387	77,786	112,789	294,352	4,507,314
Charge for year	149,472	3,769	25,404	21,591	200,236
Eliminated on disposals	-	-	-	-	-
At 31 March 2020	4,171,859	81,555	138,193	315,943	4,707,550
Net book value					
At 31 March 2020	2,938,554	33,844	76,201	83,882	3,132,481
At 31 March 2019	3,077,030	37,613	101,605	78,425	3,294,673

The net book value of fixed assets includes £76,201 (2019: £100,013) in respect of assets acquired under hire purchase contracts.

Company	Heritable Property £	Furniture & Fittings £	Motor Vehicles £	Plant & Equipment £	Total £
Cost					
At 1 April 2019	7,099,417	13,166	9,995	62,377	7,184,955
Additions in year	10,996	-	-	10,528	21,524
Disposals in year	-	-	-	-	-
At 31 March 2020	7,110,413	13,166	9,995	72,905	7,206,479
Depreciation					
At 1 April 2019	4,022,387	5,865	4,373	42,600	4,075,225
Charge for year	149,472	732	1,406	6,063	157,673
Eliminated on disposals	-	-	-	-	-
At 31 March 2020	4,171,859	6,597	5,779	48,663	4,232,898
Net book value					
At 31 March 2020	2,938,554	6,569	4,216	24,242	2,973,581
At 31 March 2019	3,077,030	7,301	5,622	19,777	3,109,730

The depreciation charge for property would have been £286,040 if individual heritable property had not been subject to re-assessment of residual value and estimated useful life.

21. Stock

	2020		2019	
	Group £	Company £	Group £	Company £
Raw materials	11,796	-	7,518	-
Finished goods	3,108	-	3,838	-
	14,904	-	11,356	-

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

22. Debtors

	2020		2019	
	Group £	Company £	Group £	Company £
Balance due from subsidiary undertaking	-	204,395	-	151,261
Trade debtors	968,032	-	1,216,571	-
Other debtors	155,499	155,499	312,990	312,990
Prepayments and accrued income	115,971	-	47,948	-
	<u>1,239,502</u>	<u>359,894</u>	<u>1,577,509</u>	<u>464,251</u>

23. Creditors: Amounts falling due within one year

	2020		2019	
	Group £	Company £	Group £	Company £
Trade creditors	48,289	-	54,333	-
Taxation and social security costs	171,629	20,898	170,092	24,696
Accruals	408,557	19,605	443,773	20,447
HP purchase creditor	34,211	-	32,662	-
Pension scheme settlement (see note 26)	500,000	200,000	250,000	100,000
Term loan (see note 24)	20,000	20,000	20,000	20,000
	<u>1,182,686</u>	<u>260,503</u>	<u>970,860</u>	<u>165,143</u>

24. Creditors : Amounts falling due after more than one year

	2020		2019	
	Group £	Company £	Group £	Company £
HP creditor	45,573	-	79,521	-
Term loan	20,000	20,000	40,000	40,000
Pension scheme settlement (see note 26)	500,000	200,000	750,000	300,000
	<u>565,573</u>	<u>220,000</u>	<u>869,521</u>	<u>340,000</u>

Analysis of total repayments:-	2020 £	2019 £
Amounts repayable by installments due:		
within one year	554,211	302,662
between one and two years	305,220	304,211
between two and five years	260,353	565,310
	<u>1,119,784</u>	<u>1,172,183</u>
Included in creditors: amounts falling due within one year	<u>(554,211)</u>	<u>(302,662)</u>
	<u>565,573</u>	<u>869,521</u>

The term loan from The Royal Bank of Scotland is secured by a bond and floating charge over the whole property and the undertaking of Hansel Foundation and Hansel Alliance. Interest is charged on a reducing balance basis at the rate of 2.0% per annum over base rate.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

25. Leasing commitments

The charity has entered into a number of non-cancellable operating leases as lessee with various remaining minimum lease periods. The total future minimum lease payments under non-cancellable operating leases are payable as follows:

Other operating leases which expire:	2020		2019	
	Group £	Company £	Group £	Company £
Within one year	12,612	12,612	13,602	13,602
Later than one year but within five years	-	-	12,612	12,612
	<u>12,612</u>	<u>12,612</u>	<u>26,214</u>	<u>26,214</u>

Leasing commitments transferred to the guarantor parent charity and are now reported as a commitment of Hansel Foundation.

26. Pension schemes

During the year the Hansel Foundation Group operated two defined contribution schemes with contributions made to administered funds for the benefit of the employees.

During the year ended 31 March 2017 the charity negotiated an exit from membership of the Local Government Superannuation (Scotland) Scheme (LPGS), a defined benefit pension scheme. An exit settlement of £1,500,000 repayable interest free over a six year period was agreed to discharge any future pension liability (see notes 23 and 24).

Contributions to the schemes during the year were as follows:	31 March 2020		31 March 2019	
	Group £	Company £	Group £	Company £
Defined contribution schemes	<u>375,677</u>	<u>83,867</u>	<u>328,739</u>	<u>83,535</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

27. *Analysis of net assets between funds*

Group	Tangible fixed assets £	Net Current assets £	Liabilities > 1 year £	Total 2020 £	Total 2019 £
Unrestricted Funds	3,117,011	1,867,810	(565,573)	4,419,248	4,517,131
Restricted Funds	15,470	-	-	15,470	19,789
	<u>3,132,481</u>	<u>1,867,810</u>	<u>(565,573)</u>	<u>4,434,718</u>	<u>4,536,920</u>
Company					
Unrestricted Funds	2,973,581	1,375,665	(220,000)	4,129,246	4,182,761
Restricted Funds	-	-	-	-	-
	<u>2,973,581</u>	<u>1,375,665</u>	<u>(220,000)</u>	<u>4,129,246</u>	<u>4,182,761</u>

Comparatives for analysis of net assets between funds

Group	Tangible fixed assets £	Net Current assets £	Liabilities > 1 year £	Total 2019 £
Unrestricted Funds	3,274,884	2,111,768	(869,521)	4,517,131
Restricted Funds	19,789	-	-	19,789
	<u>3,294,673</u>	<u>2,111,768</u>	<u>(869,521)</u>	<u>4,536,920</u>
Company				
Unrestricted Funds	3,109,730	1,413,031	(340,000)	4,182,761
Restricted Funds	-	-	-	-
	<u>3,109,730</u>	<u>1,413,031</u>	<u>(340,000)</u>	<u>4,182,761</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

28. *Analysis of charitable funds*

(a) *Unrestricted funds*

Group	Balance at 1 April 2019 £	Income £	Expended £	Transfers £	Balance at 31 March 2020 £
Designated funds:					
Tangible fixed assets fund	3,274,884	-	-	(157,873)	3,117,011
	<u>3,274,884</u>	<u>-</u>	<u>-</u>	<u>(157,873)</u>	<u>3,117,011</u>
General reserve	1,242,247	11,339,686	(11,437,569)	157,873	1,302,237
	<u>4,517,131</u>	<u>11,339,688</u>	<u>(11,437,569)</u>	<u>-</u>	<u>4,419,248</u>

Transfers represented by;
 Asset additions in year
 Restricted funds adjustment
 Less depreciation

Asset additions in year	38,044
Restricted funds adjustment	4,319
Less depreciation	<u>(200,236)</u>
	<u>(157,873)</u>

Company	Balance at 1 April 2019 £	Income £	Expended £	Transfers £	Balance at 31 March 2020 £
Designated funds:					
Tangible fixed assets fund	3,109,730	-	-	(136,149)	2,973,581
	<u>3,109,730</u>	<u>-</u>	<u>-</u>	<u>(136,149)</u>	<u>2,973,581</u>
General reserve	1,073,031	1,480,604	(1,534,119)	136,149	1,155,665
	<u>4,182,761</u>	<u>1,480,604</u>	<u>(1,534,119)</u>	<u>-</u>	<u>4,129,246</u>

Transfers represented by;
 Asset additions in year
 Less depreciation

Asset additions in year	21,524
Less depreciation	<u>(157,673)</u>
	<u>(136,149)</u>

The tangible fixed assets fund has been set up to assist in identifying those funds that are not free funds. It represents the net book value of tangible fixed assets, excluding those assets acquired with restricted funds.

The general reserve fund represents the “free reserves” after allowing for all designated funds.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

28. Analysis of charitable funds (cont'd)

(b) Restricted funds	Balance at 1 April 2019 £	Income £	Expenditure and Transfers £	Balance at 31 March 2020 £
Donations over £250	-	-	-	-
Company total	-	-	-	-
Storage, racking & shelving	80	-	(8)	72
Market gardens equipment	20	-	(6)	14
Equipment for residential unit	4,342	-	(868)	3,474
Vehicles for residential unit	952	-	(238)	714
Vehicle for respite services	658	-	(165)	493
Vehicle for residential unit	5,737	-	(1,434)	4,303
Commercial washing machine	8,000	-	(1,600)	6,400
Group total	19,789	-	(4,319)	15,470
Represented by :				
Cash at bank	-			-
Fixed assets	19,789			15,470
	<u>19,789</u>			<u>15,470</u>

Restricted funds represent grants and donations that have been received for the purpose of providing residential accommodation, or for specific capital/project expenditure.

Comparatives for analysis of charitable funds

(a) Unrestricted funds

Group	Balance at 1 April 2018 £	Income £	Expended £	Transfers £	Balance at 31 March 2019 £
Designated funds:					
Tangible fixed assets fund	3,461,210	-	-	(186,326)	3,274,884
	<u>3,461,210</u>	<u>-</u>	<u>-</u>	<u>(186,326)</u>	<u>3,274,884</u>
General reserve	811,348	11,407,374	(11,162,801)	186,326	1,242,247
	<u>4,272,558</u>	<u>11,407,374</u>	<u>(11,162,801)</u>	<u>-</u>	<u>4,517,131</u>
Transfers represented by;					
Asset additions in year				44,931	
Disposal of assets				(11,610)	
Restricted funds adjustment				(4,448)	
Less depreciation				(215,199)	
				<u>(186,326)</u>	

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

28. Comparatives for analysis of charitable funds (cont'd)

Company	Balance at 1 April 2018 £	Income £	Expended £	Transfers £	Balance at 31 March 2019 £
Designated funds:					
Tangible fixed assets fund	3,237,831	-	-	(128,101)	3,109,730
	<u>3,237,831</u>	<u>-</u>	<u>-</u>	<u>(128,101)</u>	<u>3,109,730</u>
General reserve	664,602	1,755,049	(1,474,721)	128,101	1,073,031
	<u>3,902,433</u>	<u>1,755,049</u>	<u>(1,474,721)</u>	<u>-</u>	<u>4,182,761</u>

Transfers represented by;
 Transfer of assets from subsidiary
 Asset additions in year
 Less depreciation

Transfer of assets from subsidiary	22,565
Asset additions in year	13,648
Less depreciation	(164,314)
	<u>(128,101)</u>

(b) <i>Restricted funds</i>	Balance at 1 April 2018 £	Income £	Expenditure and Transfers £	Balance at 31 March 2019 £
Donations over £250	-	10,000	(10,000)	-
Company total	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Storage, racking & shelving	89	-	(9)	80
Market gardens	29	-	(9)	20
Equipment for residential unit	5,427	-	(1,085)	4,342
Vehicles for residential unit	1,270	-	(318)	952
Vehicle for respite services	877	-	(219)	658
Vehicle for residential unit	7,649	-	(1,912)	5,737
Commercial washing machine	-	10,000	(2,000)	8,000
Group total	<u>15,341</u>	<u>10,000</u>	<u>(5,552)</u>	<u>19,789</u>
Represented by :				
Cash at bank	-			-
Fixed assets	15,341			19,789
	<u>15,341</u>			<u>19,789</u>

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)
For the Year ended 31 March 2020

29. Note to the statement of cash flows

Group

Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£	£
Net movement in funds (as per the statement of financial activities)	(102,202)	249,021
Adjustment for items not regarded as operating activities for cash flow statement:		
Deduct interest income shown in investing activities	(5,003)	(2,381)
Add back interest expenditure shown in investing activities	5,611	7,628
Add back depreciation	200,236	215,199
Loss on disposal of other fixed assets	-	10,621
Increase in stock	(3,548)	(1,797)
Decrease/(increase) in debtors	338,007	(58,951)
Decrease in creditors	(39,723)	(34,253)
Net cash from operating activities	<u>393,378</u>	<u>385,447</u>

Company

Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£	£
Net movement in funds (as per the statement of financial activities)	(53,515)	280,328
Adjustment for items not regarded as operating activities for cash flow statement:		
Deduct interest income shown in investing activities	(41,103)	(38,481)
Add back interest expenditure shown in investing activities	320	437
Add back depreciation	157,673	164,314
Transfer of assets from subsidiary charity	-	(22,565)
Decrease/(increase) in debtors	104,357	(327,530)
(Decrease)/increase in creditors	(4,640)	37,582
Net cash from operating activities	<u>163,092</u>	<u>94,085</u>

30. Commitments : Group and Company

There were no capital commitments, contracted or not contracted, at the end of the financial year (£nil as at 31 March 2019).

Hansel Foundation has provided cross guarantee arrangements in respect of its subsidiary company, Hansel Alliance. As at 31 March 2020 Hansel Alliance had no bank borrowings (2019: £Nil).

31. Related party disclosures

The company has taken advantage of the exemption from disclosing transactions with its subsidiary entity, Hansel Alliance, on the grounds that it is included in the consolidated accounts of Hansel Foundation.

There were no related party transactions between the charity and those deemed related parties for the year ended 31 March 2020, with the exception of matters addressed at note 15.

Hansel Foundation Group Notes to the Consolidated Accounts (Cont'd)

For the Year ended 31 March 2020

32. *Contingent liability*

National living wage and sleepover shifts

At the date of signing the annual report and accounts there is some uncertainty as to whether there may be an historic liability concerning the application of national minimum/living wage (NMW/NLW) regulations to non-contractual sleepover hours for support workers. Whilst payments to staff going forward meet both opposing case law interpretations of NMW/NLW requirements, there may be an exposure to understatement of pay prior to June 2015. Although the Court of Appeal has ruled that support workers being available for work during a sleepover shift does not constitute working time, this decision has been appealed to the Supreme Court and this case was heard in February 2020, at the date of this annual report no decision has been announced. Due to the uncertainty of this liability arising, and limitations over the ability to assess and reliably measure the value of potential liabilities, Directors do not consider that the regulatory criteria for making a provision within the accounts has been met.

Appendix

Hansel Foundation - Charitable Trusts and other Donations etc. of £250 and over Receivable in year ended 31 March 2020

	Unrestricted Funds £
Trusts, donations and legacies as per the accounts includes the following:	
Miss Lorna Taylor	291
Smithkline Beecham Charity Committee	300
West Coast Fest	306
The Cameron McKenna Foundation	450
The Glasgow Ayrshire Society	500
Mr William B Howie	500
Anonymous	570
Ardagh Glass Ltd	1,000
Saints & Sinners	1,000
M V Hillhouse Trust	1,000
C J Lang & Sons	1,000
Mr & Mrs Shepherd	1,378
Paths For All	1,500
Sylvia Aitken Charitable Trust	1,500
Derek F Hale's Will Trust	1,730
The Ladies Golf Club Troon	2,535
Lowmac Alloys	4,020
Mrs M H McMillan's Charitable Trust	4,500
Mrs Webster's Estate	5,000
W A Cargill Fund	5,000
Galleon Curling Club	5,500
Hugh & Mary Miller Bequest	7,000
The Estate of the late Eric Anderson	10,000
The John Scott Trust	10,000
G.Kellie's Estate	16,850
Miss J Richardson's Estate	20,000
	<hr/> <hr/> 103,430